

GOVERNMENT THAT WORKS!

NEW JERSEY DEPARTMENT OF THE TREASURY

LOCAL GOVERNMENT BUDGET REVIEW

**BRADLEY BEACH
BOARD OF EDUCATION**

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Governor

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APRIL, 1995

**COMPARISON OF BUDGET APPROPRIATIONS, STATE AID AND
LOCAL TAX RATE WITH RECOMMENDED REDUCTION IN THE
BRADLEY BEACH SCHOOLS BOARD OF EDUCATION
COST OF EDUCATION**

A.	Regional Services	N/A
B.	Food Service	\$ 22,000
C.	Special Education	\$210,000
D.	Investment Income	\$ 5,000
E.	Personnel - Longevity	\$ 25,000
F.	Energy Conservation	N/A

Total Operating Budget Savings	\$262,000
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Total Amount to be Raised for School Tax	\$3,696,352
Savings as a % of School Tax	7.03%

Total Budget (FY94)	\$4,965,048
Savings as a % of Budget	5.27%

Total State Aid (FY94)	\$1,003,427
Savings as a % of State Aid	26.11%

**LOCAL GOVERNMENT BUDGET REVIEW
EXECUTIVE SUMMARY
BRADLEY BEACH PUBLIC SCHOOLS
BOARD OF EDUCATION**

A. Regional Services

Regionalization services with Neptune City and Avon-by-the-Sea present a potential cost savings and improvement in educational quality. The borough should immediately explore this option, which could result in a significant savings for taxpayers and better services for students.

B. Food Services

This district could reduce their tax supported food service expenditure of \$22,000 by the competitive contracting of food services.

C. Special Education

The establishment of an additional section of Special Education instruction within the District could return 3 out-of-district students and can halt future placements, resulting in a savings of \$210,000.

D. Investment Income

With aggressive management of its cash accounts, the district could generate an additional \$5,000 annually.

E. Personnel

The elimination of the longevity clause in the labor contract, through negotiations, would produce a cost savings of \$25,000.

F. Energy Conservation

Energy conservation programs offer an initiative for cost savings for the Bradley Beach School District.



GOVERNMENT THAT WORKS

OPPORTUNITIES FOR CHANGE

The Report of the Bradley Beach Public Schools Budget Review Team

New Jerseyans deserve the best government that their tax dollars can buy. Governor Christie Whitman is committed to making State government leaner, smarter, and more responsive, by bringing a common sense approach to the way government does business. It means taxpayers should get a dollar's worth of service for every dollar they send to government, whether it goes to Trenton, their local town hall or school board.

Government on all levels must stop thinking that more money is the solution to their problems, and start examining how they spend the money they have now. The State's taxpayers cannot afford to keep sending money to their government. It is time for government to do something different.

There is no doubt that local government costs -- and the property taxes that pay for them-- have been rising steadily over the last decade. Until now, the State has never worked with towns to examine what is behind those rising costs. That is why the Local Government Budget Review Program was created by Governor Whitman and State Treasurer Brian W. Clymer. Its mission is simple: to help local governments find savings, without compromising the delivery of services to the public.

The Local Government Budget Review Program fulfills a promise Governor Whitman made in her first budget address, when she offered the State's help to local governments looking to cut costs. This innovative approach combines the expertise of professionals from the Departments of Treasury, Community Affairs and Education, with team leaders who are experienced local government managers. In effect, it gives local governments a management review and consulting service provided to them at no cost by the state.

To find those "cost drivers" in local government, the teams will review all aspects of the local government operation, looking for ways to improve efficiency and reduce costs. The teams will also document those State regulations or legislative mandates which place an unnecessary burden on local governments, and suggest which ones should be modified or eliminated. Finally, the teams will note where local governments are utilizing "Best Practices" -- innovative ideas that deserve recognition and that other municipalities may want to emulate.

This intensive review and dialogue between local officials and the review team is designed to produce significant insight into what factors are driving the costs of local governments, and provide the necessary tools to bring meaningful property tax relief to the State.

THE REVIEW PROCESS

In order for a town, county or school district to participate in the Local Government Budget Review Program, a majority of the elected officials must request the help through a resolution. There is a practical reason for this: to participate, the governing body must agree to make all personnel and records available to the review team, and agree to an open public presentation and discussion of the review team's findings and recommendations.

As part of the review of Bradley Beach Schools, team members interviewed each elected official, as well as school employees, appointees and contractors. The review team examined current collective bargaining agreements, school audit reports, public offering statements, annual financial statements, the school code and independent reports and recommendations previously developed by the community. The review team conducted site visits and observed the work procedures and operations throughout the school to observe employees in the performance of their duties.

In general, the review team received the full cooperation and assistance of all employees and elected officials. That cooperation and assistance was testament to the willingness on the part of most to embrace recommendation for change. Those officials and employees who remain skeptical of the need for change or improvement, will present a challenge for those committed to embracing the recommendations outlined in this report.

OVERVIEW

Bradley Beach Borough is primarily a residential community located in eastern Monmouth County; adjacent to Neptune Township, City of Asbury Park and Avon-by-the-Sea Borough. It is an oceanfront community consisting of 1,773 dwellings. Bradley Beach maintains an active beachfront with all commercial activities located in a two block stretch along Route 71 (Main Street). This commercial area, which is several blocks from the beach, includes restaurants and small service businesses. Most of the small businesses are in operation year round. Like most shore towns in New Jersey, activity in this community is predominantly seasonal; summer is the most active time of the year. The population of full time residents is 4,475, with approximately 6,500 residents during the summer. A substantial portion of the homeowners occupy their homes during the summer months and then rent their properties from mid-October to mid-May.

The Bradley Beach Board of Education maintains a kindergarten through eighth grade (K-8) school system, which includes two preschool handicapped classes and a significantly high percentage of students in special education. As of 1994, total enrollment for the district included 385 grammar school students, 36 students in out-of-district special education placements, and an additional 110 students located in three different public high schools. The school district maintains a sending relationship on a full-time basis with Asbury Park High School; a lottery system for entry into the Neptune High School and an application program with Red Bank Regional High School. The school has a single administrator with 38 instructional personnel. The instructional staff members include 34 classroom instructors and 4 in-classroom aides. In addition the Board employs 4 instructional support personnel, 6 part-time lunchroom staff, 3 custodians, 1 nurse, 3 Child Study Team members and 9 administrative staff for a total of 64 employees.

BEST PRACTICES

Head Teacher - Approximately ten years ago the Bradley Beach School District eliminated a vice principal position and substituted a head teacher. A head teacher is an individual who is not classified as an administrator, but performs a number of functions common to administrators. In Bradley Beach, for example, the head teacher performs such functions as supervising curriculum and teacher development and overseeing special projects and comprehensive testing.

The team recommends that, wherever possible, school districts follow the example set in Bradley Beach and utilize head teacher positions. The team feels that Bradley Beach presents an interesting model for the utilization of experienced staff. This policy appears to maximize use of resources for instructional purposes rather than administrative purposes.

FINDINGS AND RECOMMENDATIONS

A - REGIONAL SERVICES

The level of efficiency in a small school district reaches a point at which it simply cannot go any further. In Bradley Beach, the ability to reduce the number of classroom teachers, while keeping the number of students in each class below 25, does not exist. After carefully examining the Bradley Beach School System, the team feels that the Board of Education should immediately contact the Neptune City and Avon-by-the-Sea Boards of Education to discuss potential regionalization.

In comparing data concerning the three districts, the team noted that the combined population of Neptune City, Avon-by-the-Sea and Bradley Beach is 11,637, spread over a land mass of only 2.0 square miles. The three districts have a total of 975 elementary children attending the three K-8 schools. A review of the enrollment data from 1990-1993 shows downturns in the Avon-by-the-Sea and Bradley Beach School Districts of 17.3% and 5.3% respectively. The Neptune City School District, however, shows an increase in enrollment of 7.4%. Overall, this represents a 15% decline in the combined student population of the three districts. There is no indication that the student population will change drastically in the near future. The Neptune City District maintains a child study team as does Bradley Beach; however, the Avon-by-the-Sea District contracts out for special education needs, such as the preparation of Individual Education Programs (IEP's).

The average cost per student ranges from \$10,772 in Avon-by-the-Sea, to \$8,215 in Bradley Beach, and \$7,520 in Neptune City. Additionally, all three districts maintain single school buildings, administrators and board secretaries to handle the business and administrative functions of the districts. Due to the lack of a high school in any one of these districts, all three schools must deal with high school placements.

The three districts, through a potential regionalization, could bring together the bargaining strength of three communities for such purposes as bulk purchasing, utilizing common child study teams (CST's) and realizing potential staff reductions. More importantly, regionalization could possibly result in closing one of the three schools. There would also be an off-set expenditure for additional busing, due to the placement of railroad tracks and Route 35. The need for busing continues for the high school placements for these districts. Currently, the three districts have student - teacher ratios of 200-300 to 1 for ancillary services, such as music, art, physical education, library and computers. Throughout the state many districts have 400-500 to 1 ratios for these subjects.

Regionalization would result in the elimination of two Superintendents, two Board Secretaries and clerical staff. This reduction alone could bring tremendous cost savings to the districts. Due to the small current student population in the three

school districts (975), regionalization for the three districts is a very realistic goal for cost savings for all three communities. It should be noted that the team, in its review of Bradley Beach municipal operations, recommended that the three communities also look into shared services in all areas of municipal operations.

Expanding the school base to 975 students would represent a significant pooling of financial and education resources. This could lead to a number of educational enhancements in such areas as computer technology, educational programming, special education services, etc.

Due to Bradley Beach's small size and the statutory requirements of education, the team feels that the most effective and efficient cost savings and educational enhancements rest in regionalization, and will result in substantial savings for taxpayers. The three school districts are encouraged by the team to immediately open discussions concerning potential regionalization.

The district has closely looked at services offered by the Monmouth/Ocean Educational Service Commission (located in Freehold, NJ). This Commission provides many shared services which a district would otherwise have to competitively bid. The Bradley Beach Superintendent is currently looking at the Monmouth/Ocean Educational Service Commission to provide the following items which are mandated by the State:

- a. Long range facilities planning (5 year plan);
- b. Non-public school nursing services;
- c. Non-public school text books;
- d. Right-to-know materials (This includes ongoing training of employees, and the labeling of all supplies in the school.);
- e. Asbestos Health and Environmental Reform Act (AHAERA);
- f. Substitution registry (This provides for a common registry of substitutes for the entire area serviced by the Monmouth/Ocean Educational Service Commission and saves the board from going through the registration process itself. Substitutes need only to register with the Commission and then they become automatically qualified for Bradley Beach;
- g. Audio visual equipment repair and rentals.

B - FOOD SERVICES

Currently the Board of Education utilizes its staff to prepare the daily lunch for the entire student body. The review team reviewed the lunch program, including the results of operation for the fiscal year ending June 30, 1994 and their current operations.

It is projected that the cost of food service for 1994-95 will be approximately \$75,000. This will include salaries of staff, cost of supplies, and fringe benefits. A review of the revenues, including reimbursements from both state and the delivery of USDA commodities, shows a revenue potential of \$53,000. The team projects that the district loses \$22,000 on food service.

The district currently provides more than 26,500 meals at a cost of \$2.78 per meal. The board has two options: privatization of the food service program and/or a jointure with another school district.

FOOD SERVICES RECOMMENDATION

The team recommends that the Board of Education of Bradley Beach seek to competitively contract for the provision of food services. Over two hundred New Jersey school districts now successfully competitively contract for food service.

The competitive contracting of food services in the Bradley Beach School District will provide a cost savings of \$22,000 by eliminating the need for a budget appropriation to fund the deficit in the enterprise fund. A majority of the competitive food service contracts actually produce a net income to their districts, which makes our estimate conservative in our opinion.

The team recommends that Bradley Beach should immediately contact Neptune City officials to investigate the feasibility of extending the Neptune contract to include Bradley Beach, as compared to contracting directly with a private vendor. The district should determine whether this shared service arrangement would prove more cost-effective than contracting directly or continuing to provide the service in-house.

C - SPECIAL EDUCATION

The district currently has 44 in-house special education students and an additional 36 placed out-of-district, for a total of 80 children or 21% of the student body. Due to the required smaller class sizes, the need for instructional aides and special instructional materials, special education costs per pupil are significantly higher than the per pupil cost of other students. This district finds a high portion of its budget dollars committed to special education. The team found that a high percentage of the children that are classified for special education enroll in the district after October 15 each year (the current cut-off date for state aid). These late enrollments subjects the school district budget to unanticipated expenses without off-setting revenues.

The district currently expends 12.3% of its total annual budget for out-of-district tuition for special education placements. The team reviewed the current out-of-district placements to see whether or not there were any cost efficiencies that could be made available to the district.

SPECIAL EDUCATION RECOMMENDATION

The district currently has three children who are placed in the School for Children, located in West Long Branch, New Jersey, for a combined annual tuition of \$69,507. The transportation cost of these three students is \$11,550, which results in a total cost for these children of \$81,057. In addition, the Child Study team was able to identify eight children in the preschool handicapped or kindergarten classes who will require special education placement next year. It is estimated that those eight children are placed out of district, it will require an additional appropriation, for tuition and transportation, of \$216,152. This would bring the total cost of these eleven students to \$297,209.

To provide cost savings in the 1995-96 budget year, the review team recommends that the district consider creation of an additional special education class within the building. It is estimated that the cost would be \$87,000 for salaries and benefits for teacher and aide, as well as appropriate speech and occupational therapy.

This represents a potential cost savings for the 1995-96 budget of \$210,000.

D - INVESTMENT INCOME

The team reviewed the investment practices of the board secretary and the financial office. As a whole, the team found that the finances and records maintained by the Board Secretary and her staff to be in excellent condition. The board secretary was found to be reasonably aggressive in seeking investment income.

The team also found that the district should utilize the Cash Management Fund with the State of New Jersey, a very conservative investment program, to achieve additional investment income.

INVESTMENT INCOME RECOMMENDATION

It is recommended that the school district's board secretary continue to aggressively manage the district's finances. The Board Secretary and business staff should discuss finances with their financial institution and stay abreast of current interest rates in the market. Staff should review the district's liquid cash position weekly and make necessary changes to its investment portfolio. We believe this will result in additional revenue of an estimated \$5,000 per year.

E - LONGEVITY PAY

The team reviewed the salary scale that exists between the Bradley Beach Board of Education and the Bradley Beach Education Association. That review showed that the present scale is, on the average, \$1,500 to \$1,800 higher than similar scales in Monmouth County and throughout the State. Additionally, our review of the teaching day revealed that the district's teachers teach between 12 and 15 minute shorter days than all surrounding districts.

In addition to the shorter work day and higher salary scale, Article XXI in the contract agreement between the Bradley Beach Board of Education and the Education Association, entitled "Longevity", provides employees with compensation ranging from \$200 to \$1,500, depending on length of service to the district. The longevity payment is permanently added to the base salary and qualifies as salary for pension purposes. Over the past three years the district has had an average annual cost for longevity of \$22,815.

LONGEVITY PAY RECOMMENDATION

Article XXI-Longevity benefits should be re-negotiated to remove this benefit from future contracts. This would produce a future savings of approximately \$25,000 per year. We would also recommend that the Board work to off-set future salary increases with increases in the work day and pupil contact time.

F - ENERGY CONSERVATION

Bradley Beach's elementary school was initially constructed in 1911. Several additions have been added to accommodate student growth through the years, most recently in 1992. In its walk-through, the team noted that the heating and lighting fixtures were approximately 15 to 20 years old. Much progress has been made in the last decade in retrofitting public facilities with more energy efficient utility systems.

The team reviewed the cost of light, electric and heating from the financial records of the district. For the year ending June 30, 1994, the district spent approximately \$43,000 for these utility costs.

ENERGY CONSERVATION RECOMMENDATION

The district, through the New Jersey Cooperative Purchasing Program, should seek proposals for utility and energy audits. It is our opinion that an opportunity exists to significantly reduce these costs in the future.

STATUTORY AND REGULATORY REFORM

It is common for school officials to blame tax increases on "state mandates". Each local budget review team is charged with the responsibility of identifying regulatory or statutory mandates that have an adverse impact on the cost of local government. The findings summarized below will be reviewed by the appropriate state agency for the purpose of initiating constructive change at the state level.

1. The team observed a high percentage of special education students in this school (80 out of 385). We believe that this district is adversely affected by the existing state regulation which sets October 15th as the cut-off date for establishing the resident enrollment (NJSA 18A:70-3).

Fiscal year 1996 special education enrollment is determined by the number of special education students enrolled in the district as of October 15th of 1995. The team recognizes that NJSA 18A:14-2 requires that school budgets be considered in an election in April of each year. This requirement makes it necessary for state aid for special education to be pre-determined for the following year. This policy does not take into consideration students who enter and leave a district after October 15th. This policy presents a serious problem for districts such as Bradley Beach.

In Bradley Beach, as well as other shore towns with significant changes in seasonal residency, a substantial portion of the homes are rented shortly after October 1st each year. The review team determined that in Bradley Beach, a sizable portion of the special education students come from the families who rent these homes. This means that the Bradley Beach School is responsible for meeting their educational needs for the school year; without the benefit of state funding. The districts that these students leave actually receive and keep the state funding for these students, even though they are only in those districts for one of the ten months in each school year.

It is the review team's suggestion that the State Department of Education review the October 15th cut-off date for the determination of special education aid. It should be noted that, while state funding as a whole may not change, the allocation of that funding may change to more accurately reflect the cost of educating these students.

2. Local government participants in the State Health Benefits Program do not have any discretion in setting the level of benefits provided to employees who work in excess of 20 hours per week. This is well below the 35 hours per week that the State has set as the definition of full-time employment and eligibility for full family coverage.

Local governments could be given, by regulatory action of the State Health Benefits Commission, the right to define full-time employment and full family coverage at a level above the present 20 hours per week. The Bradley Beach Board of Education would save in excess of \$15,000 if it was able to provide "employee only" coverage to employees who work between 20 and 35 hours per week.

LOCAL GOVERNMENT BUDGET REVIEW

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